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Management and Goodness 2 – Hidden Goodness, Marginal Goods

Symbolic good(nes)s and marginal producers: looking beyond and behind the corporate good and goodness of Nike (and suchlike)

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Abstract

Almost a century ago, Commons (1909) defined the 'marginal producer' as 'the one with the lowest standards of living and cost and quality of work' (cited in Palley, 2002). Commons argument at that time was based on consideration of businesses that employed, manufactured, marketed and sold in fairly cohesive communities of demand and production. Commons' argument was developed to label the marginal producer as 'corporate menace', bidding down standards and wages across an industry through dragging others down to the same level in order to remain competitive (2002). In contemporary society, the role of the global corporation is seen by some (e.g. Atkinson, 1997) to be both as the new corporate menace, and as the promoter of a new form of marginal producer – the outsourced supplier in a 'developing' economy, where 'a paycheck has been trimmed at every turn' through the use of an 'on-the-cheap outsourced production structure' (Klein, 2000). However, in the new economy of the global organization, whilst the two roles are linked by a supply chain relationship, that relationship is tenuous, fragile, and is *not* one that bonds members of a cohesive community of demand and production.

In the contemporary 'global marketplace' we must consider that the status of those who work within the marginal producer companies – those whose standards and wages are bid down – may be of little interest to, and may not cross the threshold of awareness of those that purchase the products of their labours. The demand side customer's awareness is more likely to be of imagery, fantasy and fun (Hirschman and Holbrook, 1982) promoted by the global brand than with the conditions of (un)employment and production transfer (Scherer and Smid, 2000) that impact the marginal producer and its marginalized employees.

In exploring the demand and production structures of these new global businesses, some will see only evil in the new form of production relationship demonstrated by the likes of Nike; a relationship that 'enslaves Asian women and children and entraps them in misery and suffering' (Boje, 1998). In contrast, others see the demand relationship of these organizations as having 'redefined value for their customers…and raised customers expectations' (Treacy and Wiersema, 1993), such that they 'rewrit(e) the rules' and 'catapult (their) strategy over conventional wisdom' in order to make 'a ton of money for (the) founders' and 'knock the socks of (their) investors' (Harari, 1998).

As companies like Nike become more virtual than real, with greater organizational concentration on the brand than the product (Klein, 2000), and with greater consumer regard for symbolism than function in the product (Bhat and Reddy, 1998), they have developed the capability of switching 'on' and 'off' their marginal producers, almost at will. As shoe production in China increases and becomes of national significance, with 'over 7,200 shoemaking enterprises…over 1,000 of them ha(ving) annual sales income over Renminbi 5 million, employing 600,000 people' (www.chinabiz.org, 2002), so it comes to pass that 'Nike's Indonesian workers have demanded help for those who lost their jobs when Reebok terminated a contract with Nike….7000 workers were retrenched as a result of the contract termination' (Australasian Business Intelligence, 2002). These two events may not have a direct cause/effect relationship but in a global marketplace we must consider that one stallholder's rising fortunes are likely to be matched by another's misfortunes. Also, whilst the customer may not benefit from these changes, the owner of the marketplace –whether in real or virtual space - certainly will.

It would be easy to translate this developing argument into one of dichotomous opposition of 'good' and 'evil': the suppressed goodness of the marginal producer and its employees, and the hidden evil of the global organizations, masquerading as social goodness for the sake of corporate good. But, these relationships are far more complex and, as Klein (2000) highlights, some brands can hide hypocritically behind the exposure of their competitors whilst, 'when brand image is the weapon, an unbranded company gets off the hook entirely'. The question of ownership in, and of the global marketplace is one that merits further study, since it is not as simple as stating that it lies with the global corporations.

In this paper, I will develop critical discussion of a number or related issues. First, I will highlight the predominant model of separation of issues of ethics and business practice from those of global production and marketing in mainstream business school texts on international business (e.g. Hill, 2000; Tayeb, 2000). Also, I will address the status of engagement with issues of global production and branding in the academic literature, where companies such as Nike are held by some as 'victims' (Jeff Ballinger, quoted in Wokutch, 2001) of the trading rules of organizations such as the WTO, and as key examples of new breed of organizations where 'employees…act as partners in their own professional development' (Miles and Snow, 1995) – presumably, this refers to direct employees rather than to indirect production contractors and sub-contractors…the marginal producers. Finally, I will highlight that, in the field of critical management, a limited number of concerned scholars engage, perhaps understandably, with the easy, big name targets such as Nike and Reebok (e.g. Boje, 1998; Landrum, 2001), whilst there is urgent need of a critical engagement with the greater complexity of relationships of global production and marketing. At the moment, it is left largely to critical journalists such as Klein (2000) to highlight the complexities of these relationships of major brands, nation and organization economics and politics, and the structure and role of the marginal producers…their fragile existence in the new export processing zones of 'developing' (in their dreams, perhaps) economies.

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